

LONDON STOCK EXCHANGE GROUP PLC

Annual General Meeting

Wednesday 1 May 2019

Chairman's statement by Donald Brydon

The Group delivered another strong performance in 2018. We continued to execute our strategy successfully to grow and diversify, operating on an Open Access basis in partnership with our customers. We are strategically, operationally and financially well positioned to capitalise on a range of opportunities ahead, and to continue to drive returns for shareholders.

As ever there has been an evolving backdrop of macroeconomic, regulatory and political challenges, including of course the ramifications of Brexit. It is therefore particularly to the credit of the management that the Group has been so successful.

This was clearly demonstrated in our 2018 results, with growth across all of our core business pillars – Information Services; Risk and Balance Sheet Management; and Capital Formation.

We have remained focused on both the organic and inorganic growth of our businesses, including increasing our stake in LCH to 82.6%; the investment through a near 5% stake in Euroclear; the acquisition of 100% ownership of the FTSE TMX Global Debt Capital Markets business; and the purchase of a minority stake in Nivaura to support capital markets innovation. LSEG also acquired a minority 16% stake in AcadiaSoft, supporting LCH's strategy to expand into the non-cleared space.

For 2018, total income rose 9% to £2.1 billion, and adjusted operating profit increased to £931 million. The Board is proposing a final dividend of 43.2 pence per share, making a total dividend for the year of 60.4 pence per share - a 17% year-on-year increase, in line with the growth in adjusted earnings per share.

In Information Services, FTSE Russell now has more than \$16 trillion of assets benchmarked to its indices, while \$606 billion of ETF assets are currently tracking its indices. We have been able to significantly enhance FTSE Russell's fixed income capabilities, whilst increasing the Group's footprint in the US and Asia.

In Post Trade, LCH cleared record volumes in 2018, driven by new business as well as additional flow from existing customers. SwapClear remains the leading OTC rates liquidity pool in the world, processing more than \$1 quadrillion in notional value in 2018, driven by significant growth in new clients across Europe, the Americas and Asia Pacific. Compression volumes also continued to rise with over \$773 trillion compressed, providing significant economic benefits to LCH members, delivering approximately \$39 billion in capital and operational savings over the course of the year and helping to make the global banking industry more efficient.

In Capital Markets, London Stock Exchange continued to be the largest European exchange in terms of money raised, with £35.9 billion raised through Initial Public Offers

and Further Offers in 2018. In fixed income, 2018 was the strongest year for bond issuance in the past five years, with over 2,000 bonds issued. Borsa Italiana helped companies raise €2 billion through listings in 2018 across its markets.

Building on the results from 2018, I am pleased to be able to share our Q1 2019 results, released this morning.

The Group delivered a good overall first quarter income performance. Total income rose 5% year-on-year, with growth in our Information Services and LCH Post Trade businesses. Revenues for our Capital Markets business declined, reflecting lower equity trading volumes in a challenging market. Gross profit in Q1 rose 6% to £490 million.

It was another busy period as we continued to execute on our strategy, acquiring a minority stake in Euroclear, reaching an updated SwapClear agreement which will deliver significant cost savings, and further investment in new products and opportunities. We remain well positioned to develop further in an evolving macroeconomic landscape.

During the first half of the year, the Group was led by David Warren, who combined his role as Chief Financial Officer with that of interim Chief Executive Officer. His collegiate approach and professionalism ensured that the Group lost no momentum. I should like to record my gratitude and that of the Board to him for his excellent service which of course continues today in his role as CFO.

We were joined in August by David Schwimmer as our new Chief Executive Officer. During his first nine months in post, he has demonstrated his deep knowledge of market infrastructure, his evident intellect and clarity of thought, his determination to succeed through leading a business with the right culture and a collaborative style. David has provided excellent leadership during this complex time, and we look forward to his continued leadership of the Group.

In the last year, there have been a number of initiatives in the area of corporate governance culminating in the publication of the revised UK Corporate Governance Code. The Code makes reference to the need for boards to consider carefully the culture of the company. During the past year, we have worked with the executive team to develop ways to ensure that we set the tone for appropriate collaboration and customer-focused behaviours, as well as monitor our culture on an ongoing basis. We have had excellent support and leadership from the CEO in this endeavour.

We were pleased to welcome several new Board members who bring the benefit of their experience to the Group. Marshall Bailey joined as Chairman of LCH Group and a member of the LSEG Board in September last year, bringing banking and regulatory skills to the roles. Ruth Wandhöfer was appointed in October 2018, bringing a background in banking and regulation and an understanding of emerging technologies.

Professor Kathleen DeRose joined in December of 2018, bringing significant experience in asset management and fintech. Cressida Hogg joined the Group in March this year, bringing substantial board experience to the Group combined with a strong corporate background in infrastructure and private equity.

Finally, but most importantly we welcomed Don Robert to the Board in January 2019 as a Non-Executive Director, bringing to the Board a strong track record in the global financial services sector and a deep understanding of technology, data and analytics. He will succeed me as Chairman of the Group following this meeting.

I have great confidence in the future of this great company - Don, it will be a privilege for you to lead it from the Chair. I wish you and all the Board and management continued success.

Further information is available from:

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